

FOREIGN POWER SECURITIES
CORPORATION, LIMITED

Annual Report
For the Year ending October 31st, 1940

OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

ROBERT DESPRES Paris, France
L. C. HASKELL Montreal
A. J. NESBITT Montreal
E. R. PARKINS, K.C. Montreal
P. A. THOMSON Montreal
GUY M. TODD Montreal
JAS. B. WOODYATT Montreal

Secretary

L. C. HASKELL

Treasurer

CHAS. JOHNSTONE

Assistant-Secretary

V. J. NIXON

Assistant-Treasurer

T. IRVING

Bankers ROYAL BANK OF CANADA

Fiscal Agents ... NESBITT, THOMSON & CO., LTD.

Auditors PRICE, WATERHOUSE & COMPANY

Trustee & Transfer Agents .. MONTREAL TRUST CO.

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies' Act)

Balance Sheet at October 31st, 1940

ASSETS

DEPOSITED WITH MONTREAL TRUST COMPANY, AS TRUSTEES:	1940	1939
INVESTMENTS at Book Value:		
Holdings in French Companies.....	\$7,144,179.49	\$7,166,712.74
NOTE:—No information is available in regard to either the status or the value of these securities which, at the time of the invasion of France in May 1940, were held by the Paris Agents of the Montreal Trust Company. There is a contingent liability of Fr. Francs 3,419,740 in respect of un-called capital on these investments.		
Holdings in Canadian Companies and Canadian Government Bonds.....	1,223,864.03	1,075,669.43
NOTE:—The value based on market quotations at October 31, 1940, was \$342,836.25.		
CASH HELD BY THE MONTREAL TRUST COMPANY.....	191,556.26	309,664.51
	<u>\$8,559,599.78</u>	<u>\$8,552,046.68</u>
CASH AND CALL LOANS:		
Cash with bankers and on hand (including \$1,457.60 with the Company's bankers in France).....	\$36,823.80	
Loans repayable at call.....	50,000.00	
	<u>86,823.80</u>	<u>140,313.47</u>
ACCRUED INTEREST ON INVESTMENTS.....	453.12	333.33
PREPAID ACCOUNTS.....	1,192.52	1,714.42
	<u>\$8,648,069.22</u>	<u>\$8,694,407.90</u>

CAPITAL AND LIABILITIES

TO THE PUBLIC:	1940	1939
First Collateral Trust 6% Bonds, Series "A", 1949 (See Note 1)		
Authorized \$50,000,000.00 of which \$5,000,000.00 were issued		
Outstanding.....	\$1,789,500.00	\$1,906,000.00
Bond interest accrued (including interest to June 1, 1940, in arrears—\$53,685.00).....	98,422.50	47,650.00
Accounts Payable and Accrued Liabilities.....	4,461.26	2,152.15
TO THE SHAREHOLDERS:		
6% Cumulative Participating Preferred Stock (See Note 2)		
Authorized—50,000 shares of \$100.00 each		
Issued —50,000 shares of \$100.00 each.....	5,000,000.00	5,000,000.00
NOTE:—Dividends in arrears amount to \$51.00 per share.		
Common Stock (No Par Value):		
Authorized—250,000 Shares of which 125,000 Shares are issued and outstanding at a stated value of.....	1,500,000.00	1,500,000.00
Earned Surplus:		
Balance as per statement attached.....	255,685.46	238,605.75
NOTE 1.—The Bonds are payable in Canada, London or New York at holders' option and are partially protected by securities held by the Trustee.		
NOTE 2.—This stock is redeemable at the option of the Company on any dividend date, after thirty days notice, in whole or in part, at \$105.00 per share plus accrued dividends.		
	<u>\$8,648,069.22</u>	<u>\$8,694,407.90</u>

Approved on behalf of the Board:

A. J. NESBITT }
JAS. B. WOODYATT } Directors.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Statement of Revenue and Expense and Earned Surplus

For the year ending October 31st, 1940

Dividends and Interest on Investments.....		\$ 75,282.77
DEDUCT:		
Interest on Bonds (including premium on exchange of \$6,377.81)	\$114,723.86	
Directors' Fees.....	1,500.00	
Executive Salaries.....	1,500.00	
Legal Fees	192.00	
Expenses.....	14,279.70	132,195.56
Excess of expenditure over revenue for the year ending October 31, 1940		\$ 56,912.79
Discount on Company's Bonds purchased for redemption during the year.....		73,992.50
Balance, being Surplus for the year ending October 31, 1940..		17,079.71
Earned Surplus at October 31, 1939.....		238,605.75
Earned Surplus at October 31, 1940.....		<u>\$255,685.46</u>

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Foreign Power Securities Corporation, Limited, for the year ending October 31, 1940, and, subject to the following reservation, have received all the information and explanations which we have required. We have verified the holdings in Canadian Companies and the Canadian Government Bonds by certificates from the depositaries. We have, however, been unable to verify the holdings in French Companies which, at the time of the invasion of France in May, 1940, were in France with the Paris Agents of the Montreal Trust Company. We report that, in our opinion, the above Balance Sheet at October 31, 1940, read in conjunction with the notes appearing thereon, shows the true financial position of Foreign Power Securities Corporation, Limited, at that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

(Signed) PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, November 19, 1940.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

January 6th, 1941.

To the Shareholders:

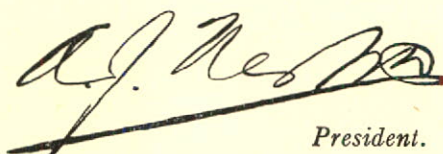
Your Directors submit herewith the Annual Report for the year ended October 31st, 1940.

War conditions have created an obscure situation in regard to the status and value of holdings of your Company in French securities which at the time of the invasion of France in May, 1940, were lodged with the Paris (France) agents of the Montreal Trust Company, Trustee.

During the year your Company purchased \$116,500 of its Bonds, which were cancelled, thus reducing the issue outstanding to \$1,789,500.

Gross Revenue from dividends and interest on investments from holdings in Canada and from holdings in France, prior to the invasion, during the year ended October 31st, 1940, amounted to \$75,282.77, and Net Revenue to \$57,811.07. Interest on Funded Debt amounted to \$114,723.86, leaving a deficit on the year's operations of \$56,912.79. Earnings not being sufficient to take care of Bond Interest, the Trustee was so advised, and the interest due June 1st, 1940, was deferred. Pending improvement and clarification in the European situation, it will be necessary to defer other payments of Bond Interest.

Respectfully submitted on behalf of the Board.


President.

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